

Message Text

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ACTION NEA-10

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C O N F I D E N T I A L CAIRO 11524

E.O. 11652: GDS

TAGS: PINS, PINT, ELAB, ECON, EG

SUBJECT: STRIKE AT EASTERN TOBACCO COMPANY

1. ACCORDING INFORMATION AVAILABLE TO US, STRIKE
TOOK PLACE AT EASTERN TOBACCO COMPANY ON AUGUST 11
AND CONTINUED FOR SEVERAL DAYS. STRIKE EVIDENTLY
BEGAN WITH PROTEST AGAINST INSUFFICIENT INCENTIVE
AWARDS ANNOUNCED BY EASTERN'S MANAGEMENT FOR ITS
WORKERS FOR PREVIOUS TWELVE MONTHS. POLICE MOVED
IN QUICKLY TO STOP PROTEST, BUT IT TOOK UNTIL
AUGUST 18 TO GET 100 PERCENT OF LABOR FORCE BACK
TO WORK. DURING PERIOD OF STRIKE, POLICE OCCUPIED
EASTERN'S PLANT ON PYRAMIDS ROAD IN GUIZA. POLICE
REPORTEDLY HAVE ARRESTED STRIKE LEADERS AND THEY
WILL STAND TRIAL, AGAIN ACCORDING TO REPORTS, IN NON-CIVILIAN
COURTS FOR UNDERMINING SECURITY DURING ONGOING STATE OF WAR.

2. EASTERN WORKERS WERE APPARENTLY DISSATISFIED
WITH THREE DAYS INCENTIVE PAY WHICH THEY WERE
GRANTED BUT WHICH COMPARED UNFAVORABLY WITH
45-DAY INCENTIVE AWARD REPORTEDLY GRANTED BY
PUBLIC SECTOR PEPSI COLA COMPANY. WE FIND
COMPARISON TO PEPSI COLA INTERESTING. DURING
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VISIT BY U.S. PEPSI BOARD CHAIRMAN KENDALL IN

MAY HE REMARKED THAT NEW HEAD OF EGYPTIAN BOTTLING OPERATION WAS VERY MUCH COMMITTED TO REJUVENATING COMPANY. KENDALL SAID, ON BASIS CHANGE IN MANAGEMENT, HE WOULD CONSIDER FURTHER INVOLVEMENT, POSSIBLY INVESTMENT, IN PEPSI COLA/EGYPT. KENDALL HAD PREVIOUSLY LIMITED HIS PARTICIPATION TO SALE OF SYRUP AFTER NATIONALIZATION IN 1960S. INCREASED ACTIVITY BY COMPANY EVIDENT FROM FLEET OF NEWLY PAINTED TRUCKS WHICH HAVE BEEN PLYING CAIRO STREETS AND BY REPORTS OF RAPIDLY INCREASING SALES SINCE BOTH AVAILABILITY AND QUALITY OF PRODUCT HAVE IMPROVED.

3. TOBACCO COMPANIES, BECAUSE THEY EARNED HARD CURRENCY FROM EXPORTS WERE HERETOFORE BEST COMPENSATED OF ALL PUBLIC SECTOR INDUSTRIES. PHENOMENON OF COMPETITION BETWEEN PUBLIC SECTOR COMPANIES IN TERMS OF BENEFITS FOR WORKERS MAY PROVE TO BE UNEXPECTED WAY OF STIMULATING BETTER MANAGEMENT AND PRODUCTIVITY. AT MINIMUM EASTERN EXPERIENCE WILL BE OBJECT LESSON TO OTHER PUBLIC SECTOR COMPANIES CONSIDERING INCENTIVE PAY REWARDS AT THIS TIME.

4. COMMENT: ALTHOUGH FACT OF THIS STRIKE - AND SPORADIC OCCURRENCE OF OTHERS MORE OR LESS LIKE IT - HAS BECOME AN OPEN SECRET IN CAIRO, THE GOE HAS BEEN UNWILLING TO ALLOW PRESS COVERAGING OF IT AND TRADE UNION OFFICIALS PREFER NOT TO MENTION SUCH EMBARRASSING AFFAIRS. IN THIS CASE, THEY MAY BE PARTICULARLY SENSITIVE SINCE THE TOBACCO WORKERS BELONG TO THE AGRICULTURAL PRODUCTS WORKERS UNION, WHOSE PRESIDENT HAS JUST BECOME HEAD OF THE EGYPTIAN FEDERATION OF LABOR.

5. ONE WELL-INFORMED MANPOWER MINISTRY OFFICIAL BELIEVES THAT, FOR THE MOMENT, AT LEAST, THESE WILDCAT STRIKES REPRESENT MORE A BLOWING OFF OF STEAM BY ECONOMICALLY HARD-PRESSED WORKERS THAN THE BEGINNING OF SERIOUS LABOR UNREST. HE ADMITS, CONFIDENTIAL

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HOWEVER, THAT "PROVOCATEURS" ARE ENJOYING SOMEWHAT GREATER SUCCESS IN STIRRING UP THE WORKERS AND WONDERS HOW LONG THE EGYPTIAN WORKER'S "NATURAL GOODNESS" WILL DOMINATE HIS OCCASIONAL CAPACITY FOR DOING "CRAZY THINGS." THIS MALISE IS THERE, BUT NO ONE SEEMS ABLE OR WILLING TO MAKE PREDICTIONS.

6. IT WILL BE INTERESTING TO SEE HOW THE GOE

HANDLES THE TRIALS OF THE ACCUSED AGITATORS.
SADAT HAS ONLY RECENTLY AGAIN BOASTED OF THE
ELIMINATION OF ALL WARTIME EMERGENCY LEGAL
MEASURES. SECRET OR MILITARY TRIALS MAY WELL
BECOME A USEFUL ISSUE FOR THE LEFTISTS TO USE
AGAINST THE REGIME, UNLESS A PERSUASIVE CASE CAN
BE MADE THAT CIGARETTE PRODUCTION IS CRUCIAL TO
THE WAR EFFORT.

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